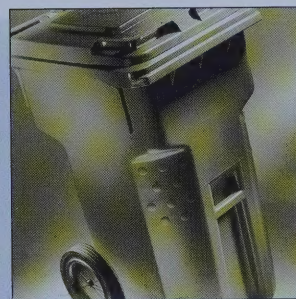
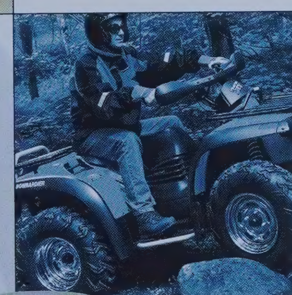
annual report **2000**





IPL

BUILDING FOR THE FUTURE

INNOVATION
QUALITY
SKILLED WORKFORCE

These are the most important words for IPL. They are heard constantly, everywhere and are what drive the Company to the highest levels.

Innovation. IPL's strategy is based on the needs of its numerous customers in very diversified sectors, ranging from automobiles to recreational vehicles and railways; from agribusiness to telecommunications; from fisheries to municipalities; and from the maple syrup industry to horticulture. Innovation is its prime strength. That is why sales continue to grow.

Quality. At IPL, everything depends on quality and new technology. Proud of its products, the Company displays an avant-garde spirit and is at the cutting edge of technology in order to offer the best products, on a quality to price comparison.

Skilled workforce. IPL's, employees are its principal pillars. IPL invests much time and money in the training of its highly specialized personnel. More than 1,000 individuals are employed to help reach Company objectives.

IPL is one of the most flourishing of Quebec industries targeting the North American market.

SALES OFFICES AND WAREHOUSES

IPL Products Ltd.
10 Forbes Road
Northboro, Massachusetts
01532 U.S.A.

IPL Inc. (Toronto)
111 Advance Blvd.
Brampton, Ontario
L6T 4H8

IPL Inc. (Detroit)*
200 E. Big Beaver
Troy, Michigan
48083 U.S.A.

* Sales offices only

PLANTS AND SALES OFFICES

IPL Inc.
140 Commerciale Street
St. Damien, Quebec
G0R 2Y0

IPL Prelude Corp.
6135, Morton Industrial Parkway
Windsor, Ontario
N9J 2L3

IPL Plastics Ltd.
20 Boyd Street
Edmundston, New Brunswick
E3V 4H4

IPL Inc., Extrusion division
130 Aubé Street
St. Lazare, Quebec
G0R 3J0

IPL Estrie Inc.
2095 Dandenault Street
Lawrenceville, Quebec
J0E 1W0

IPL AT A GLANCE

industrial division

Products	Production facilities	Markets
MATERIALS HANDLING SECTOR		
Lobster crates Maple syrup barrels Multi-functional flap boxes Agri-food containers Fish totes Telephone/Coax reels	St-Damien, Quebec Lawrenceville, Quebec	Agri-food Telecommunications Fisheries Transportation
WASTE MANAGEMENT SECTOR		
Wheeled carts Biocarts/organic crates Recycling boxes	St-Damien, Quebec	Municipalities Commercial Industrial
AUTOMOTIVE SECTOR		
Running boards Window seals Shrouds Rocker panels Trim panels	St-Lazare, Quebec St-Damien, Quebec Windsor, Ontario	Tier 1 suppliers to the "big three" automobile manufacturers
INDUSTRIAL CUSTOM MOLDING SECTOR		
R-V components Railway insulators Freon crates Pavings	St-Damien, Quebec Lawrenceville, Quebec Windsor, Ontario	Recreational and rail transportation
EXTRUSION SECTOR		
Syrup tubing Fiber optic tubing Moldings Profilings	St-Lazare, Quebec	Maple syrup production Gardening Furniture Automotive Telecommunications

packaging division

Products	Production facilities	Markets
INDUSTRIAL PACKAGING SECTOR		
Pails Containers	St-Damien, Quebec	Agri-food Chemicals Construction
CONSUMER PACKAGING SECTOR		
Small square, round and rectangular containers	Edmundston, N.B.	Agri-food

IPL INC.

financial highlights

Twelve months ended (in thousands of dollars, except per share amounts)	Growth rate	Sept. 30 2000	October 2 1999	October 3 1998	Sept. 27 1997	Sept. 28 1996
Sales	15.0%	$ 155,735	$ 135,409	$ 113,775	$ 109,540	$ 91,578
EBITDA	8.1%	$ 25,828	$ 23,887	$ 19,756	$ 16,824	$ 15,984
EBITDA margins		16.6%	17.6%	17.4%	15.4%	17.5%
EBT	(8.9)%	$ 11,671	$ 12,813	$ 10,693	$ 8,913	$ 8,467
EBT margins		7.5%	9.5%	9.4%	8.1%	9.2%
Net earnings	(1.8)%	$ 8,233	$ 8,381	$ 7,034	$ 6,251	$ 5,621
Net earnings margins		5.3%	6.2%	6.2%	5.7%	6.1%
Earnings per share						
Basic*	(1.7)%	$ 1.13	$ 1.15	$ 0.97	$ 0.95	$ 0.92
Fully diluted	(1.8)%	$ 1.10	$ 1.12	$ 0.95	$ 0.93	$ 0.90
Dividend per share	(3.0)%	$ 0.32	$ 0.33	$ 0.28	$ 0.27	$ 1.27
Total assets		$ 167,020	$ 121,981	$ 95,087	$ 90,501	$ 67,304
Working capital		$ 23,725	$ 21,675	$ 17,631	$ 15,260	$ 12,278
Long-term debt to capital		45%	36%	22%	23%	37%
Return on equity		12.4%	13.9%	12.9%	12.7%	18.7%
Book value per share **		$ 8.99	$ 8.13	$ 7.31	$ 7.29	$ 4.74
Funds from operations per share *		$ 2.88	$ 2.46	$ 2.07	$ 2.04	$ 1.86
Average shares outstanding		7,279,250	7,279,250	7,277,750	6,610,045	6,085,000
Shares outstanding at year-end		7,279,250	7,279,250	7,279,250	7,275,250	6,085,000
Average shares fully diluted		7,650,306	7,671,696	7,566,977	6,858,681	6,265,000

* Adjusted according to the weighted average of common shares in circulation

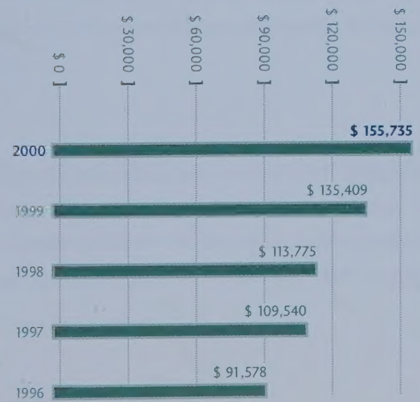
** Note: Calculation of Book value per share:
Shareholders' equity - Class "C" shares/average shares outstanding

STOCK INFORMATION

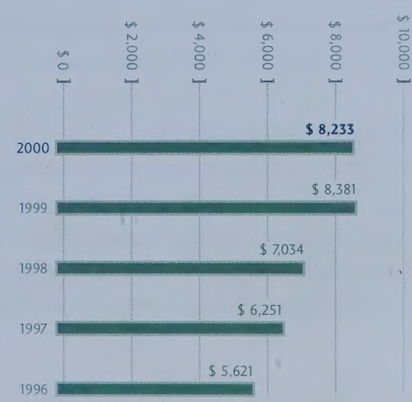
As at December 15, 2000

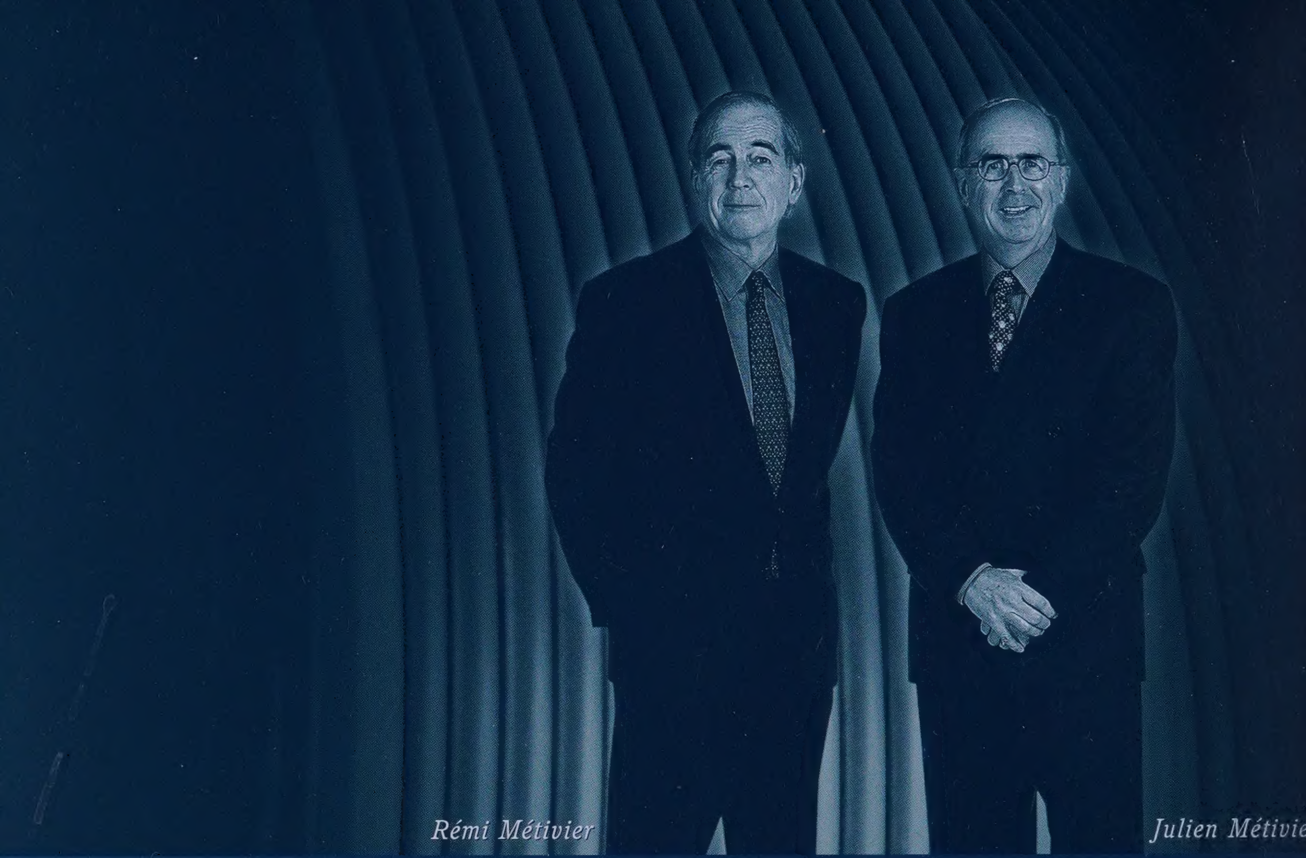
Ticker symbol	IPL.A
Exchange	TSE
Stock price	$ 8.00
52 week high/low	$ 13.30 / $ 7.00
P/E	7.08

SALES



NET EARNINGS





MESSAGE TO SHAREHOLDERS

BUILDING TOGETHER ON A SOLID FOUNDATION

In many respects, our Company has achieved significant progress in 1999-2000. The development of new products, both proprietary and custom-made, together with the signing of major contracts, contributed greatly to the penetration of new geographic markets and to the broadening of the Company's customer base. Sales climbed to $155.7 million, well beyond our expectations.

Unfortunately, certain challenges prevented earnings from moving ahead to reflect these positive developments and net profit remained almost unchanged at $8.2 million.

Various factors account for this slight decline in profitability. The Industrial Division bore the costs of launching new programs in the automotive sector. It also endured production delays caused by equipment breakdowns and intensive testing of molds to prepare for the introduction of new products. On the U.S. side of the border, strong, price-oriented competition in the Industrial Packaging sector cut into margins. Finally, difficulties in obtaining molds considerably limited the production of packaging for consumer products.

STRATEGIC INITIATIVES

In addition to some changes in the top management team, including the President and Chief Operating Officer, various initiatives were conducted in 1999-2000 to optimize IPL's operations and to improve its competitive position.

A detailed analysis of target markets led to a complete review of our product range and the resulting rationalization will prove highly conducive to profits. To provide better distribution of these products in our target markets, we have also reorganized our Canadian and U.S. sales teams.

IPL has been eager to broaden its skills and product base to better satisfy its customers. To meet these goals, the Company purchased a competing plant in Eastern Quebec in May 2000. Our development strategy has also led us to undertake close to $50 million in capital investments, representing about half the total invested over the last 14 years, in order to reorganize and modernize our plants in Windsor, Saint-Damien and Edmundston. The commitments for operating leases accounted for $15 million of this amount.

In addition to these major investments, we have adopted a new overall structure for our plants, assigning a specific mission to each of them. This specialization in production units has helped optimize IPL's operational structure as well as support a customer-oriented approach by improving the Company's ability to respond more quickly to client demands.

COMPETENT STAFF

We are well aware that our employees are indispensible to our success. In the last fiscal year, we established a training center where employees can perfect their skills and in so doing, increase their motivation. This initiative follows logically from the major investments we have made in modernizing our production capacity and we are confident it will contribute to the efficiency of operations and to the profitable growth of IPL.

DRIVING FORCES

Innovation and value-added solutions adapted to our customers' needs are the driving forces that set the Company's orientations. In 2000-2001, our development efforts will focus mainly on the design and production of small containers for the Packaging sector as well as custom-made products for the automotive industry. Following the success we achieved with our collapsible crates for the shipping and handling of fruits and vegetables, we will also continue to develop new applications for the North American market.

A WORD OF THANKS

Were it not for the very hard work of our employees, the efforts put into optimizing our organization during the last fiscal year would have been in vain. We wish to thank our entire staff for their devotion and loyalty to the organization. Our thanks also go to all our customers for the support they have shown and to the Board of Directors whose members have watched conscientiously over the Company's growth.

OUTLOOK

In 2000-2001, all our sectors of activity should contribute to and benefit from improvements in the Company's competitive position. All things considered, tight cost controls should bring about a more substantial improvement in earnings.

Rémi Métivier
Chairman of the Board
Saint-Damien, Quebec

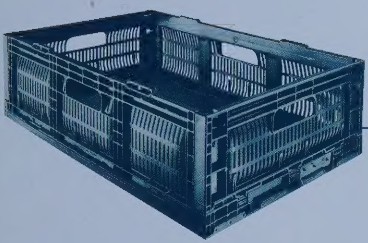
Julien Métivier
President and Chief Executive Officer

MATERIALS HANDLING

THE COMPANY'S RECENT DEVELOPMENT EFFORTS IN THE UNITED STATES WILL BE REFLECTED IN SIGNIFICANT REVENUE AND EARNINGS GROWTH FOR THE HANDLING SECTOR IN 2000-2001.

INDUSTRIAL DIVISION

review of activities



Quality and perfection are among the factors that motivate IPL to develop innovative products going beyond customers' expectations.

MATERIALS HANDLING SECTOR

Growth in the Materials Handling sector in the 1999-2000 fiscal year was similar to that which was achieved the previous year. For a second consecutive year, the Company benefited from the success achieved by its floating crates for live lobsters. In addition, demand for the various FlapNest™ multi-functional containers exceeded management's expectations.

The Company's efforts to develop the plastic fruit and vegetable crate market led to the signing of a major long-term contract to supply patented reusable containers for shipment of fruits and vegetables. This contract was signed with one of the world's largest suppliers of corrugated cardboard containers for food. Production of these collapsible crates, equipped with micro-chips, began last October. They offer several advantages over cardboard crates which can be used only once, while plastic crates can be reused up to 150 times. They allow for better aeration than cardboard crates and provide for a considerable reduction in losses during shipment. This innovative new product also limits the amount of handling required in the storage and shipping of fruits and vegetables as well as in stocking at stores.

To optimize assets used at the Saint-Damien, Saint-Lazare and Windsor plants, management has undertaken a major rationalization program aimed at replacing certain products nearing the end of their cycle with new and more profitable products. This strategic reflection has also led the Company to turn to outside firms that do molding under contract. Production of some proprietary handling products can now take place at various strategic North American locations.

WASTE MANAGEMENT SECTOR

Following more than 40% growth in 1998-1999, the latest fiscal year was rather disappointing for the Waste Management sector. A slackening in the Canadian market, combined with several contract postponements on both sides of the border, caused sales to fall below management expectations in 1999-2000. In addition, a major equipment breakdown near the end of the fiscal year affected production and sales in this sector.

IPL, which already holds the top rank in Canada in wheeled carts, plans to increase its marketing efforts in the U.S. in 2000-2001. In the medium-term, growing environmental awareness among citizens, businesses and governments should help stimulate sales and maximize the return on investment.

CUSTOM MOLDING

GREATLY STIMULATED BY THE AWARDING OF MAJOR CONTRACTS IN THE AUTOMOTIVE FIELD, TOTAL SALES OF THE CUSTOM MOLDING SECTOR REGISTERED MORE THAN 30% GROWTH DURING THE LAST FISCAL YEAR.

GREATLY STIMULATED BY THE AWARDING OF MAJOR CONTRACTS IN THE AUTOMOTIVE FIELD, TOTAL SALES OF THE CUSTOM MOLDING SECTOR REGISTERED MORE THAN 30% GROWTH DURING THE LAST FISCAL YEAR.

AUTOMOTIVE SECTOR

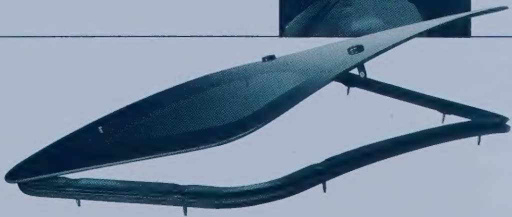
Activities in this sector showed a strong 30.6% growth during the last fiscal year. Numerous contracts, totalling about $35 million, have been signed with Tier 1 suppliers working in the automotive parts manufacturing industry, even though there has been a recent slowdown in the industry. This augurs well for solid results in the coming fiscal years. These contracts, with much of the production beginning in the first and second quarters of the 2000-2001 fiscal year, cover various parts ranging from step plates to shock absorber components, wheel fender trim to door bottom moldings.

Once again, the Company's technical capabilities, along with its sustained commitment to providing innovative products of excellent quality, have been recognized in the awarding of contracts that require advanced production technologies. The first contract with a Tier 1 supplier involves the production of interior door handles for minivans using a gas-driven injection process. The Company has also renewed a major contract requiring multi-material applications for the production of window frames with integrated air duct seals for sport utility vehicles, starting in November 2001.

These and other contracts show the confidence that IPL's technical capabilities have earned among Tier 1 suppliers to the major automakers. This is helping diversify the Company's product line and customer base in Canada and the United States. With its proximity to the Ontario and U.S. midwest markets, the Windsor plant is playing a key role in the geographic diversification of the Company's revenues. The strategic planning process recently conducted by management, aimed at setting a specific vocation for each of the Company's plants, led to a decision that production in Windsor and Saint-Damien would in the future be oriented mainly toward the automotive sector.

In the coming fiscal year, IPL intends to increases its share of the North American automotive market by consolidating its position in this major economic sector.

Our vision, our leading-edge facilities and our know-how stand behind our ability to offer tailor-made solutions to our diverse customer base.



CUSTOM MOLDING

INDUSTRIAL CUSTOM MOLDING SECTOR

Following two fiscal years characterized by declining sales, the Industrial Custom Molding sector achieved a recovery in 1999-2000, with a net increase of 43.1% in revenues. Various factors explain this improvement, including the acquisition in May 2000 of the assets of Plastiques Gagnon Estrie. These assets contributed to the sector's results for slightly more than four months. A recovery within the recreational vehicle market is also among the factors producing a stronger performance in 1999-2000.

The geographical diversification of the Company's customer base continued in 1999-2000 thanks to the addition of new customers in eastern Canada. Development of the Ontario and U.S. markets will be among IPL's priorities in the coming years.

In the medium-term, the operational efficiency of this sector will benefit greatly from the addition of IPL Estrie. Gradually, production of all medium-sized parts for recreational vehicles will be concentrated there. Moving molds and certain pieces of equipment to IPL Estrie from the Saint-Damien plant will bring the Company closer to its target market as well as help it produce medium-sized parts for recreational vehicles more efficiently. IPL Estrie will also be given the task of producing several industrial handling products.

EXTRUDED PRODUCTS SECTOR

In terms of growth, the Extruded Products sector showed a good performance in 1999-2000. This solid improvement is based on winning numerous contracts in the automotive and telecommunications areas.

Strong growth in the Extruded Products sector over the last few years can be attributed to specific markets, notably the maple syrup, horticultural, furniture, automotive and telecommunications industries. To consolidate its position in this area of activities over the longer-term, IPL intends to concentrate its development efforts on two precise sectors: automotive and telecommunications.

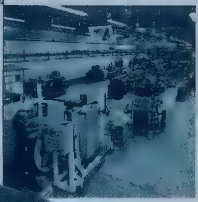
The QS 9000-certified Saint-Lazare plant, with its leading-edge equipment, will contribute greatly to making the automotive area one of its main engines of growth for the Extruded Products sector in the coming years. In the medium-term, management is considering an expansion of this plant, following a major investment program in 1998-1999.

IPL's recent success in the manufacturing of fibre optic cladding also provides a strong incentive to continue efforts toward developing new proprietary products aimed at the high growth telecommunications field.

OUTLOOK

Sales growth at the Industrial Division in 2000-2001 will be substantially higher than in the last few years. The Custom Molding sectors will benefit from strength in the automotive and transport industries. The Handling sectors will enjoy a major contribution from sales of fruit and vegetable crates. Finally, the Extruded Products sector is expecting strong growth in telecommunications products.

In addition to ensuring an orderly growth process, management intends to optimize the Division's profits in 2000-2001, bringing them to a level that comes closer to meeting expectations. A decline in production costs and a very substantial reduction in capital spending will contribute greatly to achieving this goal and help produce profits similar to the levels recorded in 1998-1999.



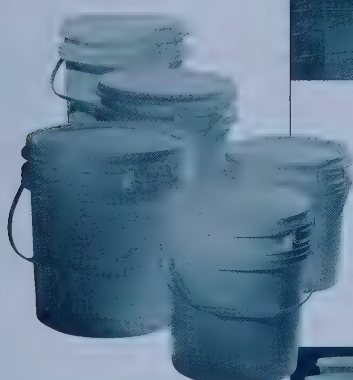
Our superior product design leads the way to broadening our current markets and developing promising new segments.

PACKAGING DIVISION

RELYING ON NEW MARKETING STRATEGIES IN THE UNITED STATES, THE PACKAGING DIVISION ACHIEVED MORE THAN 15% GROWTH IN REVENUES, WHICH REACHED $77.6 MILLION IN 1999-2000.

PACKAGING DIVISION

review of activities



Our deep commitment to innovation contributes to guaranteeing the quality of our products and assuring the profitable growth of the Company's activities.

INDUSTRIAL PACKAGING SECTOR

Industrial pails accounted for 72% of revenues of the Packaging Division in 1999-2000. These pails are designed and manufactured at the Saint-Damien plant.

Along with a greater penetration of the U.S. market, where the Company's sales rose more than 17% in the last fiscal year, profit grew at the Industrial Packaging Sector for the third consecutive year.

During this time, the Company revised its sales and marketing strategy in the U.S. market, where commercial practices center more on price. A subsequent refocusing of IPL's product line led to changes both in distribution structure and production methods. Supervision of sales staff is now under the responsibility of a single manager who oversees the entire North American market. Production techniques rely more heavily on mass production rather than on methods requiring frequent mold changes.

The adoption of these new organizational procedures, together with the installation of 7 new machines during the last 12 months at the Saint-Damien and Edmundston plants, will contribute to IPL's positioning in the U.S. market. This will lead to lower production costs, creating a positive influence on future profitability. In the medium-term, the Company's leadership position in the Canadian market, based in large part on the dynamism of the Canadian sales team which can take credit for over 50% of revenues in this sector, will also continue to play a dominant role in penetrating the U.S. market.

CONSUMER PACKAGING SECTOR

The Consumer Packaging Sector recorded strong growth in its activities in 1999-2000 in both the Canadian and U.S. markets. Vigorous demand for the Company's products, especially for Shure-Lock™ containers, destined mainly for food processors, raised the Packaging Division's order book to record levels. These results are particularly satisfying since a delay of a few months in the delivery of several molds slowed the sector's sales growth for a period of time.

PACKAGING DIVISION

With its technically advanced product range, IPL has managed to distinguish itself from the competition. To respond more effectively to customer needs and to increase profitability, in 1999-2000 the Company continued the product-line rationalization begun a year earlier. Certain mature areas were abandoned in favour of new and more promising markets with higher growth rates. In the last fiscal year, IPL demonstrated its innovation by being the first manufacturer to market a rectangular plastic container with its patented tamper-evident Shure-Lock™ system. The response was not long in coming: a Canadian firm specializing in nail and fastener production signed a $2 million contract with the Company for this type of container, which has a highly promising future.

As expected, production capacity at the Edmundston plant grew considerably during the fiscal year, with an increase in multi-cavity molds, new installations and the addition of leading-edge equipment.

OUTLOOK

In the next fiscal year, the Company intends to pursue efforts aimed at increasing its penetration of the U.S. market for industrial containers, particularly in the Northeast and Midwest. To this end, the Company plans to refocus its marketing plan and bring it closer to the realities of this huge market, evaluated at $2.5 billion annually.

Relying on its excellent positioning in the North American industrial pail sector, the Company also plans to enhance its range of containers for consumers by introducing new proprietary high-value-added products that complement existing products.

Management efforts to improve the division's performance will also result in the creation of a sales operation making full use of telecommunications technologies. Similarly, the Company will complete the concentration of its customer service center at the Saint-Damien plant. These changes will contribute to prompter, more efficient responses to customer expectations in addition to strengthening customer links.

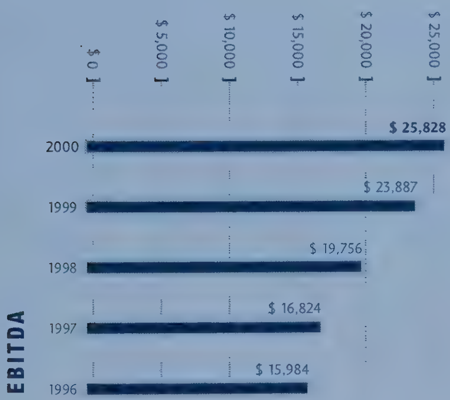
Management Discussion
and analysis of operating results and financial position

OPERATING RESULTS IN 1999-2000 COMPARED TO 1998-1999

In the fiscal year ended September 30, 2000, revenues rose 15.0%, reaching $155.7 million. The rise in revenues in 1999-2000 reflects the strong performance of the Packaging Division, whose consolidated income increased to $77.6 million, up 15.6%. At the Industrial Division, net revenues rose to $78.2 million, up 14.4%, despite weakness in the Materials Handling sector, whose revenues declined 13.5% to $21.7 million. In addition, the inclusion of the activities of IPL Estrie, for a five-month period, resulted in the increase in consolidated sales in 1999-2000. These assets were acquired in May 2000.

Sales linked to activities in the United States represented 32.7% of the Company's consolidated revenues, compared to 31.8% in the previous fiscal year.

Operating expenses, consisting of the cost of products sold as well as manufacturing and sales and administrative expenses, totalled $131.1 million in 1999-2000, compared to $112.7 million a year earlier. This increase in unit costs resulted from expenses related to intensive testing of molds, the launch of several new programs and products and an equipment breakdown during the second half of the fiscal year.



Earnings before interest, taxes, depreciation and amortization (EBITDA) stood at $25.8 million in 1999-2000, compared to $23.9 million a year earlier. This 8.1% increase results largely from the Packaging Division's solid 10.5% growth in EBITDA, which stood at $13.3 million or 17.2% of sales, while the Industrial Division achieved an EBIDTA level of nearly 16% as a proportion of sales, slightly below the 17.3% recorded in the previous fiscal year.

Amortization expenses increased to $10.5 million in 1999-2000, up 15.0%. This resulted from $31.7 million in capital spending during the fiscal year as well as the acquisition of the assets of IPL Estrie in May 2000.

Interest expenses rose to $3.6 million in 1999-2000, up $1.7 million. This raise was caused mainly by an increase of more than $20 million in long-term borrowing, net of debt repayments, following asset acquisitions and capital expenses linked to the reorganization and modernization of the Company's plants, as well as the implementation of new programs.

Earnings before income tax stood at $11.7 million for the fiscal year, compared to $12.8 million in the 1998-1999 fiscal year. Net earnings in 1999-2000 reached $8.2 million or $1.13 per share ($1.10 fully diluted), down 1.8% from $8.4 million or $1.15 per share ($1.12 fully diluted), in 1998-1999. The net profit margin declined from 6.2% in 1998-1999 to 5.3% in 1999-2000.

DIVIDENDS

During the last fiscal year, the Company maintained its policy of paying quarterly dividends on multiple-voting-right shares. A total of $0.32 per share was paid in 1999-2000.

LIQUIDITY AND FINANCIAL RESOURCES

Cash flow rose to $21.0 million in 1999-2000, up 17.4%. The increase in amortization charges related to capital spending and to deferred charges compensated for the decline in net earnings.

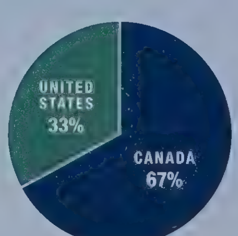
Cash flow devoted to investment activities stood at $37.9 million in 1999-2000, compared to $28.4 million the previous year. Expenses related to the acquisition of fixed assets and deposits stood at $31.7 million, compared to $22.6 million in 1998-1999.

Accounts receivable reached $33.3 million in 1999-2000, compared to $27.3 million for the 1998-1999 fiscal year. This increase is due to the Company's consolidated sales growth. In 1998-1999, accounts receivable stood at 64 days, compared to 71 days in the last fiscal year.

Inventories reached $24.7 million as of September 30, 2000, compared to $17.3 million on October 2, 1999. This major increase reflects the Company's decision to increase inventories in order to continuously provide the utmost in customer service.

The Company had $23.7 million in positive working capital on September 30, 2000, compared to $21.7 million on October 2, 1999. Expressed as a ratio, working capital stood at 1.57:1 in 1999-2000, providing a comfortable level for financing the Company's current activities.

As of September 30, 2000, shareholders' equity stood at $66.6 million, compared to $60.3 million on October 2, 1999. The capital structure at the end of the 1999-2000 fiscal year was balanced, with the ratio of long-term debt to shareholders' equity standing at 0.8:1.



GEOGRAPHIC SALES BREAKDOWN

RISKS AND UNCERTAINTIES

Nearly 70% of the Company's revenues are affected by the price of raw materials, namely plastic resins from the petroleum industry. To assume the cost of fluctuations in this market, a mention of risk transfer to customers is included in sales contracts.

The exchange rate risks the Company faces in the United States are diminished through the purchase of certain products in U.S. dollars.

The Company entered the Year 2000 without any significant Y2K effects on its activities, although it intends to continue monitoring its data systems to assure prompt correction of any anomaly which could arise.

OUTLOOK

IPL is highly optimistic about the commercial outlook for its two divisions in the next few quarters. Its current infrastructure puts the Company in a solid position to undertake a new phase of growth. Despite a slight downturn in the automotive sector, the vigour of the North American economy and the Company's high-yield product offering should contribute to a growing order book in every sector. Consolidated sales in 2000-2001 should grow essentially at the same rhythm as in 1999-2000.

As far as profitability is concerned, cost reduction efforts, plant specialization and the use of leading-edge equipment will allow for productivity gains and higher margins, as will sales and marketing activities that are better adapted to the Company's positioning. Thus the Company should be able to meet its goal of 15% annual earnings growth that it has set for itself.

MANAGEMENT REPORT

IPL Inc.'s annual report for the year ended September 30, 2000, and the consolidated financial statements included therein, were prepared by the Company's Management and approved by the Board of Directors. The Audit Committee of the Board is responsible for reviewing the consolidated financial statements and for ensuring that the Company's internal control systems, management policies and accounting practices are adhered to.

The consolidated financial statements contained in this annual report have been prepared in accordance with the accounting policies which are enunciated in the notes to financial statements and which Management believes to be appropriate to the activities of the Company.

The external auditors appointed by the Company's shareholders, Samson Bélair Deloitte & Touche, have audited these consolidated financial statements and their report appears below.

All information given in this annual report is consistent with the consolidated financial statements included herein.

F. Béchard

François Béchard
Vice-President, Finance and Secretary

AUDITOR'S REPORT

To the Shareholders of IPL Inc.

We have audited the consolidated balance sheets of IPL Inc. and its subsidiaries as at September 30, 2000 and October 2, 1999 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2000 and October 2, 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Samson Bélair
Deloitte & Touche

Samson Bélair Deloitte & Touche, S.E.N.C.
Chartered Accountants
November 17, 2000

consolidated statements of earnings

years ended (in thousands of dollars)	September 30 2000	October 2 1999
Sales	$ 155,735	$ 135,409
Operating expenses	131,118	112,729
Amortization of deferred grants	(483)	(507)
Other revenue, net	(728)	(700)
	129,907	111,522
Earnings before amortization, financial expenses and income taxes (EBITDA)	25,828	23,887
Depreciation of fixed assets	9,886	8,449
Amortization of deferred charges and goodwill	631	693
Financial expenses	3,640	1,932
	14,157	11,074
Earnings before income taxes	11,671	12,813
Income taxes	3,438	4,432
NET EARNINGS	$ 8,233	$ 8,381
Net earnings per share (Note 2)		
Basic	$ 1.13	$ 1.15
Fully diluted	$ 1.10	$ 1.12

References: Grants (Note 11) and interest (Notes 9 and 10)

consolidated statements of retained earnings

years ended (in thousands of dollars)	September 30 2000	October 2 1999
Balance at beginning		
As previously reported	$ 37,151	$ 31,172
Prior period adjustment (Note 3)	343	-
As restated	37,494	31,172
Net earnings	8,233	8,381
	45,727	39,553
Dividends	(2,329)	(2,402)
Balance at end	$ 43,398	$ 37,151

consolidated balance sheets

(in thousands of dollars)	as at September 30 2000	as at October 2 1999
CURRENT ASSETS		
Cash	$ -	$ 85
Accounts receivable - Trade	23,639	19,816
Accounts receivable - Other	9,617	7,533
Inventories (Note 5)	24,729	17,274
Molds for sale	4,161	1,736
Prepaid expenses	742	364
Income taxes recoverable	2,179	-
	65,067	46,808
DEPOSITS ON ACQUISITION OF FIXED ASSETS	1,708	3,662
FIXED ASSETS (Note 6)	93,316	68,520
INTANGIBLE ASSETS (Note 7)	3,588	1,234
DEFERRED CHARGES (Note 8)	1,976	766
OTHER ASSETS	1,365	991
	$ 167,020	$ 121,981
CURRENT LIABILITIES		
Bank overdraft	$ 500	$ -
Bank loans (Note 9)	14,000	316
Accounts payable and accrued liabilities - Trade	15,773	14,763
Accounts payable and accrued liabilities - Other	4,311	2,595
Income taxes payable	-	1,784
Current portion of long-term debt (Note 10)	6,758	5,675
	41,342	25,133
LONG-TERM DEBT (Note 10)	48,679	28,596
FUTURE INCOME TAXES	10,407	7,907
SHAREHOLDERS' EQUITY		
Capital stock (Note 12)	23,194	23,194
Retained earnings	43,398	37,151
	66,592	60,345
	$ 167,020	$ 121,981

ON BEHALF OF THE BOARD

Rémi Métivier
Director

Julien Métivier
Director

consolidated statements of cash flows

years ended (in thousands of dollars)	September 30 2000	October 2 1999
OPERATING ACTIVITIES		
Net earnings	$ 8,233	$ 8,381
Adjustments for:		
Depreciation of fixed assets and amortization of deferred charges and goodwill	10,517	9,142
Amortization of deferred grants	(483)	(507)
Future income taxes	2,843	689
Loss (profit) on disposal of fixed assets	(77)	218
Internally generated funds	21,033	17,923
Changes in non-cash working capital items (Note 14)	(15,420)	(6,185)
Cash flows from operating activities	5,613	11,738
INVESTING ACTIVITIES		
Acquisition of fixed assets and deposits on acquisition of fixed assets	(31,652)	(22,615)
Disposal of fixed assets	359	1,619
Acquisition of a company (Note 4)	(5,000)	(7,491)
Increase in deferred charges	(1,794)	(75)
Acquisition of other assets	(431)	(289)
Disposal of other assets	524	446
Cash flows from investing activities	(37,994)	(28,405)
FINANCING ACTIVITIES		
Long-term loan	27,195	22,949
Repayment of long-term debt	(7,030)	(4,428)
Increase (decrease) in short-term debt	13,684	(2,750)
Grants for fixed assets	276	825
Dividends paid	(2,329)	(2,402)
Cash flows from financing activities	31,796	14,194
DECREASE IN CASH AND CASH EQUIVALENTS	(585)	(2,473)
CASH AND CASH EQUIVALENTS AT BEGINNING	85	2,558
CASH AND CASH EQUIVALENTS AT END (Note 14)	$ (500)	$ 85

notes to the consolidated financial statements
years ended September 30, 2000 and October 2, 1999

1> STATUS AND NATURE OF ACTIVITIES

The Company, incorporated under Part 1A of the Companies Act (Québec), and its subsidiaries specialize in the design, manufacturing and marketing, in Canada and the United States, of products manufactured by an injection molding process using thermoplastic resin.

2> SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Basis of consolidation

The consolidated financial statements include the accounts of the Company and those of its subsidiaries, expressed in Canadian dollars.

Foreign currency translation

The integrated foreign subsidiary's accounts and foreign currency transactions are translated into Canadian dollars as follows:

> Current assets and liabilities, at the exchange rate in effect at year-end; resulting gains or losses are included in earnings for the year;

> Fixed assets and depreciation, at the historical rate;

> Long-term debt incurred in foreign currencies, at the exchange rate in effect at year-end; resulting gains or losses are deferred and amortized over the remaining term of the debt. Deferred exchange gains or losses are recorded as deferred charges;

> Income and expense accounts, at the average annual exchange rate.

Valuation of inventories and molds for sale

Inventories are valued at the lower of cost and replacement cost for raw materials, and at the lower of cost and net realizable value for finished goods. The cost of inventories is determined substantially according to the first in, first out method. The cost of finished goods and molds for sale consists of the cost of raw materials and an applicable share of the cost of labour and manufacturing overhead.

Fixed assets

Fixed assets are recorded at cost and depreciated over their estimated useful lives according to the following methods and annual rates or, in the case of certain spare parts for machinery, according to their use.

Buildings	Diminishing balance	5%
Machinery	Diminishing balance	10% to 15%
Furniture	Diminishing balance	20%
Computer system	Diminishing balance	30%
Automotive equipment	Diminishing balance	15% and 30%
Molds	Straight-line	16 $\frac{2}{3}$%

Additions to fixed assets are depreciated when put into operation. Fixed assets for major expansion projects are depreciated from the date of completion of the project.

Grants related to the purchase of fixed assets are accounted for as deferred grants and applied against the fixed assets. These deferred grants are amortized using the depreciation rates of the related fixed assets.

Deferred charges

Deferred charges are amortized at the annual rate of 33 $\frac{1}{3}$% using the straight-line method.

Goodwill

Goodwill is amortized using the straight-line method at the annual rate of 2.5%.

Income taxes

The Company provides for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between financial statement values and tax values of assets and liabilities using enacted income tax in effect for the years in which the differences are expected to reverse.

Group pension plan

The Company offers a group registered retirement savings plan to its employees. Pension plan costs correspond to payments made during the year.

Earnings per share

Basic earnings per share are calculated according to the average number of shares outstanding during the years, i.e. 7,279,250 shares in 2000 and 1999.

Fully diluted earnings per share are calculated by adjusting the basic earnings to include the additional after-tax yield the Company would have received from the exercise of stock options. These fully diluted earnings per share are calculated on the weighted average number of shares that would have been outstanding had all the stock options been exercised at the date of granting, i.e. 7,650,306 shares in 2000 and 7,671,696 shares in 1999.

3> CHANGE IN ACCOUNTING POLICY

During the year, the Company has adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) on accounting for income taxes. This new accounting policy was applied at the beginning of the fiscal year 2000. The cumulative effect of the change was an increase of $343,000 in retained earnings at the beginning of the fiscal year 2000.

4> ACQUISITION OF A COMPANY

In April 2000, the Company acquired through its new Québec wholly owned subsidiary, IPL Estrie Inc., the assets of Plastiques Gagnon Estrie Inc., for a total consideration of $6,000,000 of which $5,000,000 was paid in cash and the balance as a long-term debt. This transaction was accounting for using purchase method; the total purchase price was allocated as follows:

Non-cash working capital items	$ 1,866,602
Fixed assets	1,733,398
Goodwill (Note 7)	$ 2,400,000
Price paid	$ 6,000,000

5> INVENTORIES

(in thousands of dollars)

	September 30 2000	October 2 1999
Finished goods	$ 15,873	$ 11,052
Raw materials	8,856	6,222
	$ 24,729	$ 17,274

6> FIXED ASSETS

(in thousands of dollars)

			Net Book Value	
	Cost	Accumulated Depreciation	September 30 2000	October 2 1999
Land	$ 764	$ -	$ 764	$ 639
Buildings	40,020	8,873	31,147	18,954
Machinery	86,031	37,510	48,521	40,731
Molds	40,719	28,712	12,007	7,606
Furniture	2,320	1,324	996	725
Computer system	4,739	2,210	2,529	2,107
Automotive equipment	3,151	2,063	1,088	1,118
	$ 177,744	$ 80,692	$ 97,052	$ 71,880
Deferred grants			3,736	3,360
			$ 93,316	$ 68,520

7> INTANGIBLE ASSETS

(in thousands of dollars)

			Net Book Value	
	Cost	Accumulated Depreciation	September 30 2000	October 2 1999
Goodwill	$ 3,650	$ 62	$ 3,588	$ 1,234

8> DEFERRED CHARGES

(in thousands of dollars)

			Net Book Value	
	Cost	Accumulated Depreciation	September 30 2000	October 2 1999
Project development and start-up costs	$ 4,207	$ 2,231	$ 1,976	$ 766

9> BANK LOANS

The Company has authorized lines of credit of $35,000,000 which are secured by accounts receivable and inventories. These bank loans are at bank prime rate and are renegotiable in January 2001. Interest on these loans amounted to $1,060,138 for the year ($601,534 as at October 2, 1999).

10> LONG-TERM DEBT

(in thousands of dollars)	September 30 2000	October 2 1999
Loans, secured by immovable hypothecs on land and buildings and by a hypothec on a universality of present and future assets of the Company		
Fixed rate from 6.00% to 8.39%, maturing from 2001 to 2008, average rate of 7.20%	$ 27,837	$ 18,541
Based on bank prime rate, maturing from 2000 to 2008	21,090	12,055
Balance of purchase price, 6.00%, payable annually, maturing in 2002	1,000	-
Amounts due on acquisition of fixed assets, subject to long-term financing	3,696	2,831
Without interest, maturing from 2004 to 2009	1,814	844
	55,437	34,271
Current portion	6,758	5,675
	$ 48,679	$ 28,596

Interest on long-term debt was $2,247,444 for the year ($1,206,601 as at October 2, 1999).

Assuming the loans maturing within the next five years are refinanced, and using the year-end exchange rate, principal payments required over this period will be as follows:

2001	2002	2003	2004	2005
$ 6,758,000	$ 8,115,000	$ 6,876,000	$ 7,065,000	$ 6,559,000

11> GRANTS AND TAX CREDITS

During the year, the Company qualified for an investment tax credits of $1,039,577 ($437,191 as at October 2, 1999) with respect to capitalized research and development expenses. The Company also claimed scientific research tax credits of $578,308 ($410,541 as at October 2, 1999), accounted for as other revenue in the earnings statement.

12> CAPITAL STOCK

Authorized

Unlimited number of shares

Preferred shares, non-voting, non-participating

Classes "A" and "B", without par value, issuable in series and entitling the directors to determine the number of shares, their designation and their attributes

Class "A" shares rank prior to all other classes of authorized shares with regard to dividends and capital. Class "B" shares rank prior to the multiple voting shares, subordinate voting shares and Class "C" preferred shares with regard to dividends and capital

Class "C", par value of $1 each. These shares, which confer upon the holder the right to a fixed, annual, non-cumulative dividend of $1, rank prior to the multiple voting shares and subordinate voting shares and are redeemable at their par value plus one tenth of one percent

Multiple voting shares, without par value, multiple voting rights (10 votes per share), ranking prior to Class "C" shares with regard to capital, participating. The votes attached to the multiple voting shares are reduced to one vote per share where the current majority shareholders no longer constitute the controlling shareholders or where they cease to own, directly or indirectly, at least 35% of the aggregate shares outstanding

Subordinate voting shares, without par value (1 vote per share), ranking prior to Class "C" shares with regard to capital, participating. In the event of a buyout proposal for the multiple voting shares, a subordinate voting shareholder will have multiple voting rights solely for the purpose of accepting said offer

(in thousands of dollars)		September 30 2000	October 2 1999
Issued and paid			
1,802,100	Preferred Class "C" shares	$ 1,802	$ 1,802
	Related income taxes	660	660
		1,142	1,142
7,279,250	Multiple voting shares	22,052	22,052
		$ 23,194	$ 23,194

The Company reserved 727,525 multiple voting shares (471,056 of which have been granted) for its executive stock option plan. At year-end, options for 371,056 shares were outstanding. These options may be exercised at different dates through 2009 at prices ranging from $5.12 to $14.15 (weighted average of $10.42).

13> INCOME TAXES

Income tax expense in the statement of earnings is as follows:

(in thousands of dollars)	September 30 2000	October 2 1999
Income taxes	$ 595	$ 3,743
Future income taxes	2,843	689
	$ 3,438	$ 4,432

> Income tax expense corresponds to an effective rate of 29.5% in 2000 and 34.6% in 1999. The differences between income tax expense and the basic tax rates are as follows:

(in thousands of dollars)	September 30 2000		October 2 1999	
Tax expense at the basic rate	$ 4,437	38.0%	$ 4,871	38.0%
Deduction for manufacturing and processing profits	(791)	(6.8)	(840)	(6.6)
Deduction for investment	(338)	(2.9)	(160)	(1.2)
Higher tax rates in certain provinces and in the United States	182	1.6	388	3.0
Part 1.3 tax and other items	(52)	(0.4)	173	1.4
	$ 3,438	29.5%	$ 4,432	$ 34.6%

> Future income tax liabilities result from temporary differences regarding asset and liability items as follows:

(in thousands of dollars)	September 30 2000
Future income tax liabilities	
Fixed assets and deferred charges	$ 10,368
Goodwill	19
Issue of capital stock	20
	$ 10,407

14> ADDITIONAL INFORMATION TO THE STATEMENTS OF CASH FLOWS

Changes in non-cash working capital items

(in thousands of dollars)	September 30 2000	October 2 1999
Decrease (increase) of current assets		
Accounts receivable	$ (4,925)	$ (6,821)
Inventories	(6,455)	(2,208)
Molds for sales	(2,425)	(1,700)
Prepaid expenses	(378)	89
Increase (decrease) of current liabilities		
Accounts payable and accrued liabilities	2,726	3,956
Income taxes payable (recoverable)	(3,963)	499
	$ (15,420)	$ (6,185)
Cash and cash equivalents		
Cash	$ -	$ 85
Bank overdraft	(500)	-
	$ (500)	$ 85
Interests and income taxes paid		
Interest	$ 3,375	$ 1,960
Income taxes	$ 4,034	$ 2,909

15> FINANCIAL INSTRUMENTS

Financial instruments are accounted for at their historical cost, which, unless otherwise indicated, approximates their fair value. Fair value is determined by discounting cash flows using quoted market prices.

Financial instruments whose fair value differs from the carrying value as at September 30, 2000 are as follows:

	Carrying Value	Fair Value
Fixed-rate long-term debt	$ 28,837	$ 28,568
Non-interest bearing debt	$ 1,814	$ 976

15> FINANCIAL INSTRUMENTS (cont'd)

Rate risk

The Company does not use derivative financial instruments to manage exchange rate risk and reduce the impact of interest rate fluctuations. Exchange rate risk is reduced by the fact that the Company concludes sales and purchase transactions in foreign currency of approximately equal volume, and interest rate risk is reduced by the fact that the Company uses a combination of fixed and variable rates for long-term debt.

Credit risk

In the normal course of operations, the Company assesses the financial condition of its existing customers on an ongoing basis and reviews the credit history of all new customers. No customer balance exceeds 10% of the accounts receivable of the Company.

The Company believes that the diversity of its client base, by product and geographic segment, provides protection against sudden fluctuations in the economic conditions of local markets and reduces credit risk.

16> COMMITMENTS

As at September 30, 2000, the Company's commitments for the acquisition of fixed assets amount to $4,473,622 of which $1,707,895 has been paid.

The Company also has commitments for operating leases mainly for machinery. Future lease payments amount to $15,161,503. Future payments for the next five years are as follows :

2001	2002	2003	2004	2005
$ 2,504,901	$ 2,428,201	$ 2,393,840	$ 2,393,840	$ 5,097,332

The Company also is committed for other operating leases for which the terms have not been fully completed. The commitments for those leases amount to approximately $2,880,000.

17> SEGMENT DISCLOSURES

Business segments

The Company is using the new Canadian standards regarding segment disclosure in accordance with the "management approach", which is based on the way that management organizes the segments within the enterprise for making operating decisions and assessing performance.

The Company manages its operations through two separate business units: the packaging division and industrial division (materials handling and custom molding). The accounting policies applicable to the business units are identical to those described in Note 2 "Significant accounting policies". The Company assesses performance on the basis of earnings before amortization, financial expenses and income taxes (EBITDA). The Company's assets are used by the two divisions and may not be allocated specifically to one business unit or the other. The financial results of these two business units for the year ended September 30, 2000 are as follows:

Segment disclosures (in thousands of dollars)	September 30 2000	October 2 1999
Packaging division		
Sales small containers	$ 21,726	$ 17,798
Sales industrial packaging	55,853	49,298
Total sales	$ 77,579	$ 67,096
EBITDA	$ 13,345	$ 12,077
Industrial division		
Sales materials handling	$ 21,659	$ 25,042
Sales custom molding	56,497	43,271
Total sales	$ 78,156	$ 68,313
EBITDA	$ 12,483	$ 11,810
Total		
Sales	$ 155,735	$ 135,409
EBITDA	$ 25,828	$ 23,887

Export sales and fixed assets

Foreign sales for the year, mainly to the United States, were approximately $50,899,000 – 32.7% of sales ($43,092,000 as at October 2, 1999 – 31.8% of sales).

Almost all of the fixed assets owned by the Company and its subsidiaries are located in Canada.

corporate information

BOARD OF DIRECTORS

Rémi Métivier
Chairman of the Board, IPL Inc.

Julien Métivier
President and Chief Executive Officer, IPL Inc.

Clément Métivier
Director, Cost System Director and Treasurer, IPL Inc.

François Béchard*
Vice-President, Finance and Secretary, IPL Inc.

Jean-Marie Chabot
Vice-President, Operations, IPL Inc.

Jean-Yves Bâcle
Vice-President, Industrial Division, IPL Inc.

Pierre G. Racine*
President, Aero Group
Rolls-Royce Canada Ltd.

Luc Houle*
Vice-President, Capital d'Amérique CDPQ Inc.

* Member of the Audit Committee

OFFICERS

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Chairman of the Board

Julien Métivier
President and Chief Executive Officer

Clément Métivier
Cost System Director and Treasurer

François Béchard
Vice-President, Finance and Secretary

Jean-Yves Bâcle
Vice-President, Industrial Division

Jean-Marie Chabot
Vice-President, Operations

Paul Turcot
Vice-President, Packaging Division

AUDITORS

Samson Bélair Deloitte & Touche
Québec

LAWYERS

Desjardins, Ducharme, Stein, Monast
Québec

Martineau Walker
Montreal

BANKERS

National Bank of Canada

Bank of Montreal

Caisse Centrale Desjardins

REGISTRAR AND TRANSFERT AGENT

General Trust of Canada

ANNUAL NOTICE

A copy of the annual notice, filed with the Commission des valeurs mobilières du Québec, is available upon written request to the Secretary of the Company.

ANNUAL GENERAL SPECIAL MEETING

On Wednesday, February 7, 2001 at 11:00 a.m. at the OMNI Mont-Royal Hotel, located at 1050 Sherbrooke Street West Montreal, Quebec.

HEAD OFFICE

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Written and designed by Maison Brison Inc.

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